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CURRENT INTELLIGENCE WEEKLY SUMMARY



CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****8 December 1961****THE WEEK IN BRIEF****(Information as of 1200 EST 7 Dec)****EAST-WEST RELATIONS Page 1**

The Izvestia editorial of 3 December on the President's interview shows some dissatisfaction among Soviet leaders with the outcome of this venture and underlines their sensitivity to some of the issues the President raised, such as the Soviet effort to communize the world and the status of the countries of Eastern Europe. Izvestia rejected the President's concept of an international administration of the autobahn to West Berlin, and, in his talks on 1 December with Norwegian Foreign Minister Lange, Khrushchev warned that if no agreement were reached, the bloc would sign a treaty and cut off all military access to Berlin. The East Germans have continued construction of barriers in Berlin and on the autobahn and have issued further warnings that controls could be tightened if the political situation warrants. At the nuclear test ban talks, the chief Soviet delegate privately asserted that no control or inspection would be possible until complete and general disarmament was fully carried out. [REDACTED]

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CONGO. Page 6

Fighting between UN and Katangan forces entered its third day on 7 December, and statements by the opposing sides indicated little disposition for negotiations. The Indian commander of UN forces in Elisabethville has characterized the former cease-fire as "finished," while Katangan authorities exhort the populace to fight. The UN continues to control the Elisabethville airport, and UN forces were increased from around 2,900 to 3,650 on 5 and 6 December. Tshombé arrived in Brazzaville from Paris on 7 December, en route to Elisabethville. New clashes may be imminent in northern Katanga, where Stanleyville-based Congolese Army forces have continued their advance toward the Katangan-reinforced towns of Kongolo and Baudouinville. Gizenga, after attacking the Adoula government in a speech delivered at Stanleyville, has announced that he is returning "to the front" in northern Katanga. [REDACTED]

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DOMINICAN REPUBLIC Page 9

A solution of the political impasse and an end to the general strike appeared close on 7 December, although numerous problems remained to be worked out. The antagonism between the opposition and the military has been aggravated by the strike. All the principals in the negotiations of the past week, however, are eager to prevent Communist inroads, and any interim government resulting from current negotiations will probably be controlled by political moderates, with the military playing an important role. [REDACTED]

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****8 December 1961****LAOS Page 11**

A meeting of the three princes continues to be delayed by the inability of the Vientiane and Souvanna factions to agree on a site and on security arrangements. Phoumi's continuing redeployment of major units may be in preparation for a renewal of fighting or a de facto partition in the event of a breakdown of negotiations. At Geneva, agreement was reached on 4 December on draft articles affecting the roles of the conference co-chairmen and the International Control Commission. The remaining issues depend on the presence of a united Laotian delegation. [redacted]

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SOUTH VIETNAM Page 13

Anti-American editorials in the Saigon press have tapered off. South Vietnamese officials feared that the press campaign would benefit only the Communists and might encourage plotting against Diem. The campaign has given rise to further rumblings of discontent over the government's failure to curb Viet Cong expansion. Diem has taken steps to implement previously announced organizational changes, but the effectiveness of these measures is questionable. Communist China has issued a warning against US activity in South Vietnam. [redacted]

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FRANCE-ALGERIA Page 14

Activities of the Secret Army Organization have been stepped up in Algeria as announcement of new French-Algerian talks seems imminent. In France, De Gaulle's Algerian policies are under stronger attack from rightist extremists. [redacted] Even moderate opinion is becoming more outspoken against De Gaulle's method of governing. [redacted]

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BULGARIAN COMMUNIST PARTY DEVELOPMENTS Page 16

Bulgarian party First Secretary Zhivkov, in a move to strengthen his position, last week removed Stalinist former party boss Vulko Chervenkov from the politburo and may have demoted other hard-liners in the party apparatus. Zhivkov used the renewed criticisms of Stalinism at the recent Soviet party congress to justify his action. He has set limits on any purge for the time being, however, by stating that Chervenkov will be allowed to retain party membership. The present measures may not be enough to prevent a resurgence of the party's Stalinist majority before the party congress slated for next August. [redacted]

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CZECHOSLOVAKIA INTERPRETS THE SOVIET CONGRESS. Page 17

Events at the 22nd Soviet party congress caught Czechoslovak party leaders off guard and caused considerable disorientation among the rank and file. Party leaders immediately set out to stifle demands within the party to liberalize internal security policies and to rehabilitate

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individuals condemned in the past by the present leadership. Hard-line party boss Novotny has attempted to justify his record as party leader on ideological grounds.

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BLOC ECONOMIC AND MILITARY SUPPORT FOR CUBA Page 18

The bloc's moves to provide Cuba with economic support and military aid have been in full swing for nearly a year and have been more extensive than those taken on behalf of any other country. Although Cuba's economic difficulties continue, it is obtaining minimum import needs from bloc countries and has found there a market for about four fifths of its sugar crop. Bloc arms have greatly strengthened the Castro regime's military capability, and the bloc's attention now is shifting to implementing aid agreements in an effort to make Cuban economic development an example for the rest of Latin America.

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GOA SITUATION. Page 19

India's show of force in the vicinity of the Portuguese exclave of Goa is part of the recent step-up in India's continuing campaign to press Portugal to give up its exclaves in western India. The military buildup will give New Delhi enough power on the scene to force the Portuguese out if it chooses. Despite rising election year pressures, however, Nehru is unlikely to order a military thrust in the absence of a clear case of Portuguese provocation or large-scale civil disorders.

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WEST NEW GUINEA SITUATION Page 20

President Sukarno's belligerent speech on 30 November indicates a lessening of confidence that Indonesia can realize its claim to West New Guinea through a peaceful settlement. Although Indonesia is likely to continue its policy of diplomatic pressures combined with a military buildup for the next few months, an eventual resort to force appears increasingly likely.

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EUROPEAN INTEGRATION DEVELOPMENTS Page 22

The next few weeks are expected to be critical for both the political and the economic evolution of the Common Market (EEC). The French continue to press the other EEC members to agree to a loose confederation, and the question of European political unity is likely to come to a head before the end of the year. By that time the EEC countries must also decide whether to proceed to the tariff cuts and other measures in the second of the EEC's three four-year transitional stages. The continuing deadlock on agricultural policy is a major obstacle. All these issues have important implications for Britain's bid for membership.

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ELECTIONS IN EL SALVADOR Page 23

El Salvador's constituent assembly elections on 17 December will conclude a bitterly fought campaign in which the Alliance for Progress has become a basic domestic issue. The provisional military government has found encouragement in the Alliance for Progress for its program of long overdue socio-economic reforms, which it hopes to perpetuate with the return to constitutional government. The entrenched oligarchy and local Communists are strongly resisting the reform program and may try to oust the government by force. [REDACTED]

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SPECIAL ARTICLES**COMMUNIST CHINA'S POLICY ON THE US Page 1**

Nearly all of Communist China's foreign policy positions--whether in respect to Berlin or Japan, Laos or Cuba, South Vietnam or the Congo--are marked by hostility toward the US, which Peiping regards as the chief obstacle to the achievement of its policy goals. Even Peiping's quarrel with the USSR grew in considerable measure out of differences as to how the bloc and the world Communist movement should best deal with the US. Peiping's tactics toward the US include affable overtures and expressions of willingness to negotiate, either bilaterally or in international councils, but always on a basis of equality. The Chinese Communist leaders, optimistic as to the eventual settlement in their favor of certain Sino-American problems, maintain that some American concession is prerequisite to an easing of tensions between the two countries. [REDACTED]

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THE SECRET ARMY ORGANIZATION AND ALGERIA Page 5

The Secret Army Organization (OAS), led by French military officers outlawed for their role in last April's unsuccessful coup and supported by almost all the European population of Algeria, now constitutes a serious threat to any settlement negotiated between De Gaulle and the provisional Algerian government (PAG). The OAS is in virtual control of several areas in Algeria, and engages in extensive propaganda and terrorist operations in both France and Algeria. The organization could foster continued violence aimed at upsetting any French-PAG agreement, or could bring about a de facto partition or perhaps even its own participation in a negotiated settlement as the representative of the European population. Essentially, however, the aim of the OAS is probably to force France to retain responsibility for Algeria. [REDACTED]

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WEEKLY REVIEW

EAST-WEST RELATIONS

Moscow used an Izvestia editorial on 3 December to respond to President Kennedy's interview with Aleksey Adzhubey. Although Izvestia conceded that the President had put forward "quite a few reasonable ideas," the generally querulous tone of the editorial shows some dissatisfaction among the Soviet leaders with the outcome of this venture and underlines their sensitivity to some of the issues the President raised, such as the USSR's efforts to "communize the entire world" and the status of the countries of Eastern Europe.

The strong language rejecting the concept of an international administration of the autobahn linking West Berlin with West Germany probably was intended to discourage the Western powers from introducing any formal proposals along these lines. Izvestia termed this concept a "worsened version of the occupation rights" in West Berlin--rights which it said the US intends to "expand by infringing on the rights" of the East German regime. "Such plans," said Izvestia, "are doomed to failure."

The editorial portrayed the President's remarks regarding an arrangement between NATO and the Warsaw Pact as an "intention" to "reach agreement on a NATO commitment to live in peace with the Warsaw Pact nations." Izvestia also stated that "we can acclaim the President's commitment" not to trans-

fer nuclear weapons to any country, and it included his remark that he would be reluctant to see West Germany "acquire a nuclear capacity of its own." This effort to establish US "commitments" on these issues suggests that the USSR will seek to develop this line in any negotiations on Berlin and Germany.

In a private conversation with Norwegian Foreign Minister Lange on 1 December, Khrushchev took a strong stand on Berlin and Germany, reiterating the Soviet position at some length. His main point was that if no agreement could be reached, then, "we are in for hard trials" because if the bloc signed a German treaty, Western military access to West Berlin would be cut off if the West did not leave the city.

In explaining the free city proposals and plans for UN or four-power guarantees, Khrushchev repeatedly referred to the need to take Soviet prestige into account. He said that the USSR should have the right to station a troop contingent together with the Western garrisons in West Berlin but would not necessarily exercise this right.

Khrushchev was somewhat equivocal on the link between a four-power agreement on Berlin and a subsequent peace treaty. He appeared to indicate that there must be an agreement regarding the signing of a treaty or

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treaties and that some states would sign with both Germanys and some with only one Germany, and the agreement on Berlin would be appended as a protocol to "the" treaty.

Walter Ulbricht, in an address to East German party leaders on 1 December, also sharply rejected international control over the autobahn. He alleged that the President admitted in the Adzhubey interview that two German states exist and realized that unification of Germany within NATO was impossible. He added that in light of such views, "it can only be welcomed if President Kennedy is in favor of negotiations for the time being on Berlin" and afterward on relations between the Warsaw Pact and NATO.

Polish party leader Gomulka, in a speech on 2 December, also dealt with Berlin. His most significant statement was that an agreement between the USSR and the Western powers on the problem of West Berlin would be included in the peace treaty signed by the bloc with East Germany, but that this approach would be reversed if the West delayed negotiations on Berlin indefinitely. In that event, he said, the bloc would return to its previous stand that the problem of Western access to Berlin would have to be discussed directly with the Ulbricht regime. The Soviet version of Gomulka's remarks described them as an "exhaus-

tive answer" as to why the bloc no longer regarded 31 December as the deadline for the conclusion of a peace treaty.

Berlin

Despite the apparent willingness of Moscow to await the outcome of Western talks in Paris, the bloc has carried out a number of demonstrative moves in Berlin and on the autobahn and has supported these actions with new warnings. On 30 November TASS warned that systematic movements of US troops along the autobahn for exercises in West Germany were intended to include Berlin within the sphere of NATO and were fraught with "dangerous consequences." In his address on 1 December, Ulbricht took up these charges and complained that "open military demonstrations" were incompatible with the President's statements on the desirability of negotiations. The East German party boss also warned that controls in Berlin "can be eased and they can also be made more strict. This depends on the political situations."

These statements were followed on 3 December by the construction of new concrete walls and tank traps at each crossing point into East Berlin. At the Friedrichstrasse checkpoint, used by the Allies, an additional seven-foot barricade has been erected about 40 yards beyond the original wall. Two small entry points remain for

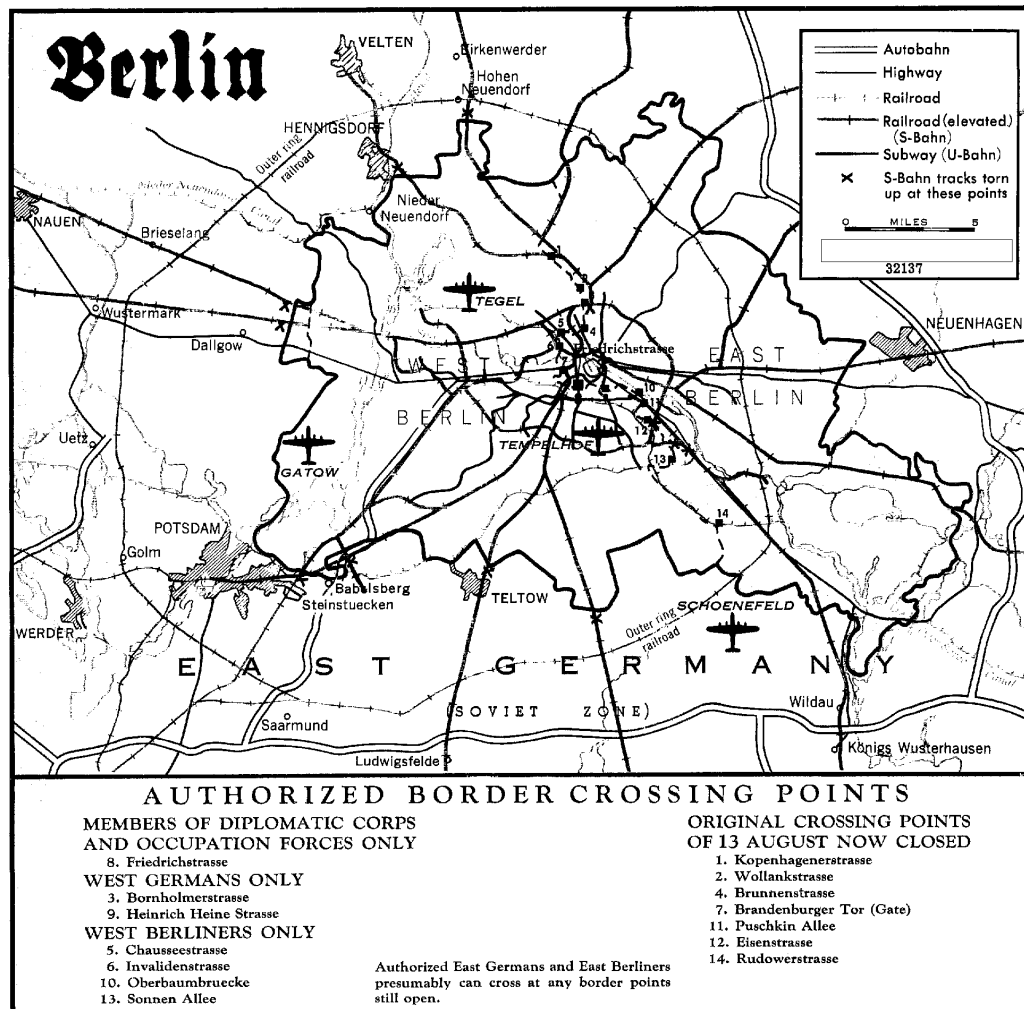
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pedestrians, and another opening, large enough for an auto, remains for vehicular traffic.

Prior to the reinforcement of the control points in Berlin,

the East Germans began constructing permanent barriers on the highway north of the Soviet checkpoint at Babelsberg, outside West Berlin. These now consist of a permanent wall blocking



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the outside lanes of the highway and a metal drop-gate which can be lowered to close the inside lanes. By channeling all traffic into a single lane the new barriers could force delays and cause inconvenience and will have the effect of eliminating any distinction between Allied and non-Allied vehicles. Construction is also in progress at the other end of the autobahn near Marienborn, but its nature is not yet clear.

On the eve of the movement of a US battle group to Berlin, the East German deputy foreign minister warned that US troops were not guaranteed passage because the recent designation of the Berlin command as the Berlin Brigade changed its character to NATO troops. On 7 December, the first elements of the battle group passed the Soviet checkpoint without difficulty.

Finland

The USSR has made no new moves regarding Finland since the Khrushchev-Kekkonen talks on 25 November. The Finnish situation was not raised in the talks between Lange and Khrushchev, and the Soviet leader apparently took a conciliatory line and agreed that Soviet-

Norwegian relations were good. However, Foreign Minister Gromyko, in prior conversation with Lange, argued that, while opportunities for improving bilateral relations existed, "full confidence" could be developed only if Norway left NATO.

Lange made a detailed defense of Norwegian policy and took up accusations against Norway point by point. He said that Norway did not want changes in the Nordic area but that events elsewhere--i.e., Finland--would make it necessary to consider modifications in Norwegian policy--apparently a warning that Norway would strengthen its NATO ties if new pressure were exerted on Finland.

The relaxation of Soviet pressure on Finland has been accompanied by an intensification of propaganda on the proposed NATO Baltic Command. Timed to coincide with the expected consideration of the proposal by the Danish parliament, an *Izvestia* article strongly criticized the Baltic Command and warned that military cooperation between Bonn and Copenhagen was "seriously aggravating the situation in the Baltic and complicating the situation of the neutral neighbors of Denmark."

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Nuclear Test Ban Talks

The first private conversation between the Western and Soviet chief delegates since the nuclear test ban talks resumed at Geneva provided further strong evidence that the USSR's primary purpose is to build a strong record contrasting Western refusal to end all tests with Soviet willingness to accept an immediate moratorium.

Soviet delegate Tsarapkin on 30 November made the sweeping claim that "there could be no control or inspection of any kind until general and complete disarmament was completely carried out." He admitted that the Soviet proposals would be "in effect a moratorium forever on all nuclear tests," and claimed that it would be well received in the UN, where the Soviet Union could get as many votes for it as other "ban the bomb" resolutions. Tsarapkin also asserted that no matter what the USSR had done in the interim or what the West might say about inadequate controls, world opinion would not accept the West's refusal to go forward with its own proposal of 3 September to ban atmospheric tests.

Tsarapkin's line suggests that the next Soviet move will probably be an effort at the UN

to gain an endorsement for a temporary moratorium on all testing and approval of the Soviet draft treaty's simplified approach. The heavy Soviet reliance on the US-UK proposal of 3 September to justify Moscow's draft treaty suggests that Soviet leaders may modify their treaty proposal and call for an immediate ban on atmospheric tests if a moratorium is agreed to on all other testing. They probably believe that the West would have to reject this also.

To support its charges against the West, Moscow has reiterated its earlier warning that if the "Western powers" continued testing--"underground included"--the Soviet Union would be compelled "to hold nuclear weapons tests, as it will be necessary for the consolidation of its defense capacity." Moscow promptly charged that the 3 December US underground test demonstrated Western "hypocrisy" at Geneva. These repeated warnings and denunciations suggest that Moscow believes that the threat of a continuation of tests by the USSR will reinforce the Soviet position at the UN and increase neutralist support for a moratorium on testing while negotiations continue. Moscow is also probably confident that the US would reject such an uncontrolled moratorium and that the Soviets could exploit a clash between neutrals and the West in New York.

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Fighting between UN and Katangan forces entered its third day on 7 December, and statements by the opposing sides indicated little disposition to negotiate.

The UN Command, while building up its troop strength preparatory to ground action, has moved first to destroy Katanga's air capabilities. On 6 December, UN aircraft--Swedish and Indian jet fighters and bombers--attacked Katangan airfields, destroying runways, fuel supplies, and aircraft on the ground. The single Fouga jet trainer which gave air superiority to Katanga in September has reportedly been immobilized. The UN Command now claims control of Katangan air space.

It is not yet clear whether the command intends to use aircraft against Katangan troops, but such a move might prove decisive. On 7 December, UN aircraft reportedly carried out a successful air attack on a Katangan ammunition dump near Elisabethville.

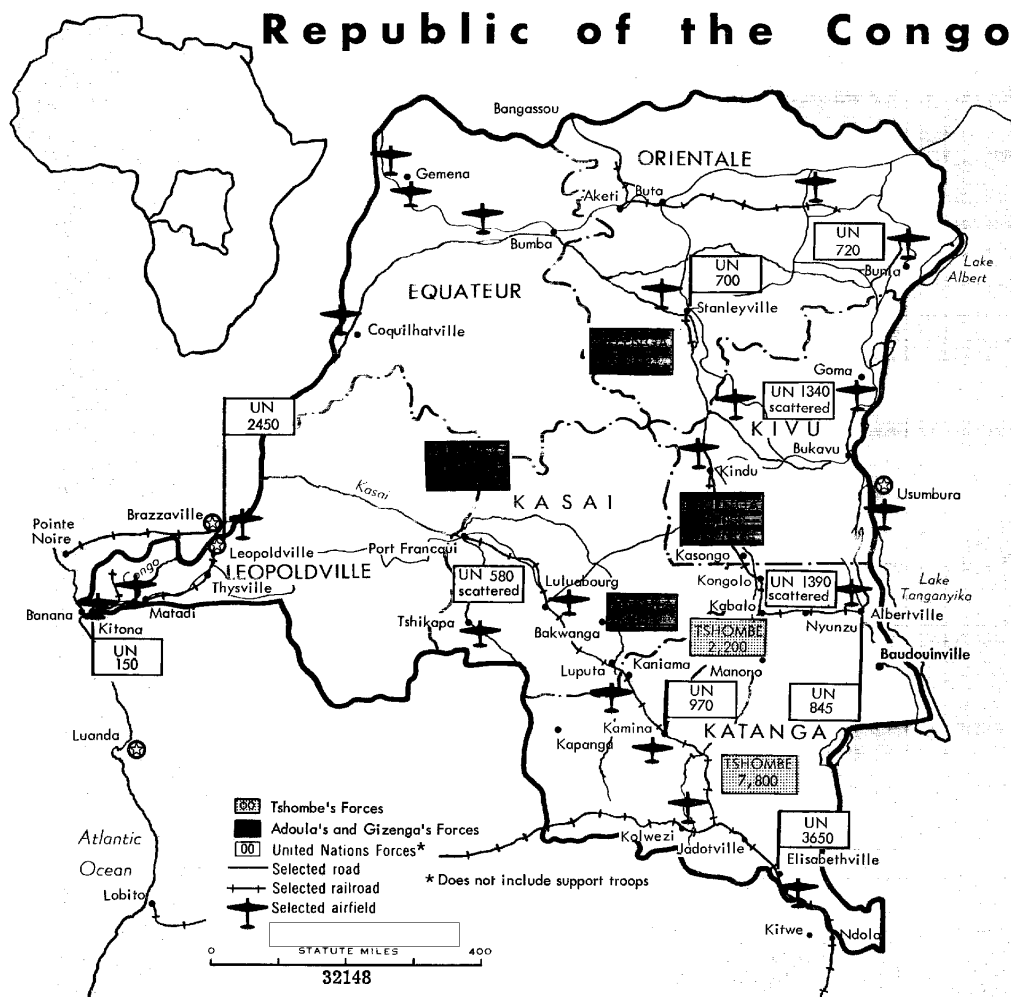
The main UN force is at the Elisabethville airport, which the UN controls. UN forces are also in control of the UN headquarters buildings on the edge of the city. Fighting continues at the headquarters, along the road to the new airport, and at the old, unused airport, where Katangan forces are dug in. With the addition on 6 December of 650 Swedish and Irish troops, UN strength now stands at 3,650, with an additional Nigerian battalion slated to be added.

UN civilian chief Linner has issued instructions to UN officials in Elisabethville "to end the situation there as quickly and effectively as possible." Linner is also reported to have said that now was the time to crush Katanga and that he intended to "denude" the Congo of UN forces elsewhere to build up his strength in Katanga. The UN military commander in Elisabethville, Indian Brigadier Raja, stated publicly that there could be no negotiations. Katangan leaders have made equally bellicose and "fight to the finish" statements, and have exhorted the populace to fight to the end.

The outbreak of hostilities on 4 December followed a series of incidents beginning on 28 November involving beatings and murders of UN soldiers and officials by poorly disciplined Katangan gendarmes. Counteractions and demands of the UN military, and particularly bellicose reactions from UN Indian troops, created an atmosphere of distrust, and led Katangans to believe rumors that the UN forces were about to move against Tshombé's mercenaries and disarm the Katangan gendarmerie.

Before the outbreak, UN officials in the Congo and in New York had stressed that the rotation of UN troops would delay for as long as three to four months any UN attempt to implement the recent Security Council resolution which again authorized the use of force to rid Katanga of its white mercenaries. Up to 3 December, senior UN representative Urquhart in Katanga had stressed the need to rely

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on negotiation, but on 4 December he admitted he was "tired of negotiating." Urquhart's claim to have discovered a Katangan "battle plan" has not been confirmed.

Mutual distrust has been high since the UN-Katanga clash in September, each side frustrated at not having finished the job. UN officials insisted prior to the renewed outbreak that

French mercenaries were masterminding the attacks on UN personnel and were determined to provoke a UN military attack in order to justify a Katangan counterthrust. Tshombé, before he left for Europe, made strong anti-UN statements in reaction to the Security Council resolution against Katanga's secession. A group of Europeans was reported distributing propaganda calling

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for all-out guerrilla warfare against the UN forces. Rumors were also widespread in Elisabethville that Brigadier Raja was eager to "clean up" the city.

Katangan leaders, prodded by pro-secessionist Europeans, may believe that another UN defeat would end attempts to end Katangan autonomy by force.

The UN airlift of UN reinforcements to Elisabethville has provoked a strong anti-American reaction among Katangan leaders. No Americans in Katanga (65-70 in Elisabethville and 135 elsewhere) have yet been molested, but Katangan Foreign Minister Kimba was so angry after the UN air strikes that he put US Consul Hoffacker under house arrest. Tshombé also has voiced anti-American sentiments. More widespread fighting between the Congolese Army and Katangan forces is apparently imminent in northern Katanga. Fighting was reported in late November north of Kongolo, Tshombé's main stronghold in the area. Aided by the UN, Stanleyville-based forces under General Lundula have taken Albertville, Nyunzu, and Kabalo without resistance. Elements of the forces are reported moving south toward Baudouinville, which was recent-

ly reinforced by Tshombé. The advance may be hastened by the immobilization of Katangan aircraft.

General Mobutu's troops, who retreated in disorder in October after their foray into Katanga, are still in Kasai. Adoula now may order these troops back into Katanga.

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Tshombé, who had gone to Paris reportedly on his way to a Moral Rearmament conference in Brazil, now is en route back to Elisabethville via Brazzaville. His planned South American trip was probably in fact connected with his efforts to obtain diplomatic recognition of Katanga.

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Tshombé, while in Brazzaville en route to Europe, requested a meeting with Adoula, apparently on a raft in the Congo River. Adoula reportedly rejected Tshombé's gesture, insisting that Tshombé come to Leopoldville. The improbability of a negotiated settlement between the two is indicated also by Adoula's rejection of suggestions pushed by Belgium, Britain, and France that a high-level mediator be appointed to bring about a settlement.

Gizenga returned briefly to Stanleyville from northern Katanga to deliver a radio blast against the Adoula government for "collaborating with the

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imperialists" and for failing to push the invasion of Katanga. He apparently is trying to compensate for the failure of an all-party conference he called for 18 November in Stanleyville. His announcement that he was "returning to the front" and his call for all Congolese Army forces to follow his lead suggest he still hopes to achieve ascendancy over Adoula by posing as the victor against Tshombé. Most of Gizenga's former nationalist supporters contest his claims to leadership as Lumumba's heir and for the moment give their support to Adoula.

Adoula on 2 December accredited the diplomatic repre-

sentatives of the Soviet Union, Czechoslovakia, and Poland. This move is almost certainly the result of pressures on him by the "nationalist" members of his government. Adoula, himself, however, probably sees advantages in the move. The Soviet Union has offered military and economic aid. He may believe that this offer and Soviet recognition of Leopoldville as the legal Congolese government give him not only assurance against renewed Soviet support of Gizenga, but also an opportunity to press for more Western aid, particularly aircraft, outside the framework of the UN.

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DOMINICAN REPUBLIC

A solution of the political impasse and an end to the general strike appeared close on 7 December, although numerous problems remained to be worked out. Mutual antagonism between the opposition and the military, which was aggravated by the strike, could still disrupt progress toward an orderly transition to a government in which the opposition is represented.

The plan which has been under discussion between President Balaguer and leaders of the largest opposition group, the National Civic Union (UCN), calls for the creation of a Council of State composed of individuals acceptable to the opposition. The council, presided over by the President, would exercise executive functions

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until after elections next May. Balaguer would resign the presidency within a few weeks after the council's formation, possibly before the end of December; he presumably would be succeeded by a member of the newly named council. The cabinet would be divided between the opposition and the present government, with the majority of the ministries going to the opposition. Congress would be recessed after passing the necessary implementing legislation, and would remain so until replaced by next year's election.

This plan, which embodies extensive concessions by Balaguer, also meets the President's insistence that he not be forced to resign and that the solution not break constitutional order. A constitutional amendment, however, will be necessary to establish the Council of State. UCN intransigents, who blocked an earlier agreement that had been accepted both by Balaguer and by UCN President Viriato A. Fiallo, will probably find this plan acceptable, although wrangling over such points as the date of Balaguer's resignation, his successor, the division of cabinet posts, and--most important--the position which the armed forces are to have in the interim regime, may cause further difficulties.

Unlike the "solution" earlier proposed by armed forces

chief Rodriguez Echevarria, this plan could result in a government free of military domination. It is probable, however, that General Rodriguez will insist on retaining an important role in the interim government. Opposition leaders seem confident that Rodriguez will accept the plan.

The 66-year-old Fiallo is likely to continue playing an important political role,

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A strong nationalist, he is not basically anti-US, although he and a number of other UCN leaders feel that the US was responsible for Trujillo's rise to power; some still harbor suspicions of present US intentions.

All principals in the negotiations of the past week are eager to prevent Communist inroads, and an interim government resulting from these talks will probably be controlled by political moderates.

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Souvanna Phouma has parried Boun Oum's recent offer to come unescorted to the Plaine des Jarres for talks if Souvanna agreed to a subsequent meeting in Vientiane on like terms. In a 6 December telegram, Souvanna accused Boun Oum of stalling on negotiations for a coalition but said that he and Souphanouvong were ready to meet with him at the Plaine des Jarres on 8 December. Boun Oum would be permitted to bring along 110 troops and a retinue of 30 persons "in case" further talks in Vientiane proved necessary, in which instance Souvanna and Souphanouvong "would demand the same conditions and privilege." These are their minimum terms for security and staff personnel--terms which the Boun Oum government previously rejected.

Ambassador Brown, commenting that Souvanna's proposal appeared "entirely reasonable," now feels that Phoumi is using every device he can think of to prevent the meeting. General Phoumi, convinced that Souvanna is falling under the domination of the Pathet Lao, appears willing to negotiate only if he can be assured of a position in the coalition government which will give him significant support in either the national police or the armed forces.

Phoumi's continuing redeployment of major military units may be indicative of his growing conviction that such a political settlement is unlikely and that the interests of the

country--as well as his own--may best be served by the de facto partition of Laos. With the recently completed movement of a mobile group from northern Laos to Thakhek, Phoumi now has six of nine such groups--each consisting of several infantry battalions--in the southern half of the country. At the same time, he is taking steps to improve the defense of the Mekong Valley by moving Northern Zone headquarters from Luang Prabang westward to Ban Houei Sai.

Other contingency planning by Phoumi includes the development of a private military force under his security chief, Colonel Siho, possibly to serve as the nucleus of a nationwide resistance movement against any Communist-dominated government.

The military situation during the past week has been characterized by skirmishes at various points throughout the country. Meo units continue their harassment of enemy force^{25X1} in the Plaine des Jarres.

on 4 December, agreement was announced on draft articles affecting the role of the co-chairmen and the ICC. Agreement on these articles completes the bulk of the work of the conference. The remaining issues, which include the problems of the so-called "French presence" in Laos and the demobilization of private armies, are dependent on a declaration of neutrality.

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by a new Laotian government and the presence in Geneva of a unified Laotian delegation.

In a private conversation with US and UK delegates on 29 November, Soviet delegate Pushkin took the line that the conference should move rapidly

maintained that all agreements are tentative pending the arrival of a Laotian delegation. Pushkin agreed with the UK delegate to send a message from the co-chairmen on 2 December to the three princes urging that an early agreement be reached by them. Moscow propaganda



to conclude all its remaining work and then call a plenary session to initial the agreements already reached. He submitted that the conference could then "recess" until a new Laotian government could be formed and could send a delegation to Geneva. The West has

states that the delay in forming a coalition government now is the "main difficulty" in reaching final agreement in Geneva, and Soviet Ambassador Abramov in Vientiane continues to consult with the UK and French representatives there on ways to bring about a meeting of the rival factions.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SOUTH VIETNAM**

The anti-American campaign in the government-controlled Saigon press has subsided; recent editorials claim that "public misunderstanding" has been dispelled by assurances that US aid has no conditions attached. The attacks on US policies tapered off after top South Vietnamese officials became concerned that the campaign could benefit only the Communists and might encourage opposition plotting against the government.

The press campaign has given rise to new coup rumors and to further rumblings of discontent over the government's failure to curb Viet Cong expansion. Although there is no firm indication that any group with significant following is actively plotting to overthrow Diem, reports indicate that civilian oppositionists who lack the capability to mount action on their own--such as members of the once influential Dai Viet party and the Cao Dai political-religious sect--are maneuvering for positions in any new government.

American officials in Saigon report that reform-minded officials in top echelons of the government still appear to be looking for changes within the present framework of Diem's rule. Ranking military officers have become increasingly vocal in criticizing the political interference of Diem and his brother Nhu in military operations.

intensify in all of these circles and that a coup cannot be ruled out.

Diem, meanwhile, has announced the composition of the long-pending National Economic Council, an advisory body provided for in the constitution and created last March. The council will contain wide representation from business, agriculture, commerce, and trade unions as well as economists. Diem, on 28 November, also signed a decree establishing the working structure of the new Department of Rural Affairs, created in May to coordinate government activities in such fields as agricultural credit and cooperatives and land development and resettlement. Diem has indicated that further broadening of the government apparatus will be forthcoming. It is questionable, however, whether these organizations will be allowed to exert any influence on government policies or lead to any improvement in government efficiency.

Viet Cong activity continues at a high level throughout the country, although no major incidents have been reported recently. Total government casualties last week exceeded estimated Viet Cong casualties, with South Vietnam's Civil Guard and Self-Defense Corps continuing to bear the brunt of government losses.

Communist China last week warned that it "cannot remain indifferent" to US activity in South Vietnam; the British chargé in Peiping was handed a copy of this government statement. The Chinese are reported to have stepped up purchases of South Vietnamese currency in Hong Kong. These funds probably are to be transferred to North Vietnam for Communist subversive operations in the South. Emissaries from Hanoi have recently visited Indonesia, Burma, and Cambodia seeking support for North Vietnam's public campaign for "peaceful reunification" of Vietnam.

US officials believe that discussions and rumors may

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****FRANCE-ALGERIA**

Activities of the Secret Army Organization (OAS) have been stepped up in Algeria as announcement of new French-Algerian talks seems imminent. Some of the bloodiest Moslem-European clashes of the year have been reported recently in Oran, Algiers, and other cities. French security officials, despite special metropolitan police reinforcements, still seem unable to apprehend OAS ringleaders. In his statement on 1 December denouncing the European attacks on Moslems, rebel information minister Yazid identified the OAS as the motivating force and accused the French security forces of "passivity." Yazid reaffirmed the desire of the provisional Algerian government (PAG) to reach a negotiated settlement.

The PAG reportedly intends to press for Ben Bella's participation at some stage in the formal negotiations in order to broaden the political base of the Algerian delegation and to make a settlement more binding and authoritative. The PAG will probably continue to receive support in this effort from Morocco, as King Hassan II is reported to feel that Ben Bella is the "indispensable man of Algeria" who will become the chief of state when Algeria gains independence. Hassan is said to believe that PAG premier Ben Khedda will willingly stand aside in favor of Ben Bella.

the PAG intends to seek a moderate resolution in the UN General Assembly, where the Algerian question is scheduled for debate some time after 18 December. If negotiations have been resumed by that time, the PAG reportedly will seek an Afro-Asian resolution which will support the Algerian position without harming the negotiating climate; if negotiations have not yet begun but prospects appear favorable, the PAG will merely seek a resolution

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inviting France to negotiate on the basis of Algerian independence and self-determination.

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Meanwhile, overt and covert political maneuvering by political opponents of the regime have led the US Embassy in Paris to comment that "French Algeria" extremists now appear to believe the OAS has a chance of defeating De Gaulle's Algerian policy. Both the National Assembly and Senate sharply attacked the Algerian budget, particularly on the score of funds for creating the local Algerian Moslem police force De Gaulle called for last September.

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Even moderate opinion is becoming more outspoken about De Gaulle's general conduct of his government. Independent party leader Antoine Pinay and Socialist leader Guy Mollet recently participated with leaders from other parties in a public round table criticizing De Gaulle's method of governing,

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BULGARIAN COMMUNIST PARTY DEVELOPMENTS

Bulgarian party boss Todor Zhivkov moved at the party's central committee meeting on 28 November to put an end to the five-year-long struggle for power between his Soviet-supported "moderate" group and the majority hard-liners. Using the renewed attacks on Stalinism at the recent Soviet party congress as justification, Zhivkov succeeded in ousting from the politburo ex-party boss Vulko Chervenkov, Bulgaria's ruler in the Stalin era and the rallying point for today's hard-liners. At the same time, Zhivkov obtained the appointment to the politburo of two new members sympathetic to his views--Stanko Todorov, chief of the Planning Commission, and Mitko Grigorov, party secretary and expert in ideology and discipline.

These moves will probably be reflected throughout the party apparatus. Earlier in November the party leadership in the important Plovdiv District was shaken up; new district first secretary Stoyan Stoyanov--presumably a moderate--was one of five candidate members of the central committee elevated to full membership at the November meeting.

The possibility of further changes in the party apparatus was clearly indicated in two passages in Zhivkov's speech. One, referring to "certain circles of the party" and workers still "strongly contaminated by the germs of the personality cult," noted that "work in this respect has not been completed." Later in his speech, admitting that several party members had questioned why Khrushchev had agreed to postpone signing a German peace treaty if the West would enter into serious negotiation, Zhivkov said: "At this point

there were other comrades who declared that this was a retreat from our line, that we are thus exposing ourselves.... The least that could be said about the approach of such people...is that their approach is sectarian and doctrinaire."

Zhivkov nevertheless indicated that punitive action will not entail massive purgings but will probably consist of removing certain hard-liners from positions of responsibility. He told the central committee that he intends to retain Chervenkov as a party member, "such as he is." Zhivkov also indicated that Georgi Dimitrov, the Lenin of the Bulgarian party, was to continue to be beyond criticism despite the fact that Dimitrov, too, was a contemporary of Stalin. By these steps Zhivkov apparently was seeking to stem apprehension among party members and to avoid the mistakes following the Soviet 20th party congress in 1956 when criticisms of Chervenkov got out of hand and party stability was seriously threatened.

Zhivkov will have to use the period before 20 August 1962--the date set for the eighth party congress--to further reduce the power of the hard-liners so as to prevent a challenge at the congress. They are a majority in the party, hold many positions of influence, and have a broad backing among the membership. Continuing economic difficulties will leave Zhivkov vulnerable from both the hard-liners and the right-wingers--the revisionists--who as recently as last spring were attacked in party circles for anti-party views.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****CZECHOSLOVAKIA INTERPRETS THE SOVIET CONGRESS**

Events at the 22nd Soviet party congress caught Czechoslovak Communist party leaders off guard and caused considerable disorientation among the rank and file. There was some speculation as to whether hard-line party boss Novotny should be removed.

Party leaders immediately set out to stifle demands within the party to liberalize internal security policies. At a central committee plenum held two weeks after the Soviet congress adjourned, Novotny attempted to justify on ideological grounds his record as party leader and to secure central committee approval of his recommendations for holding a steady internal course while carrying out the Soviet party line.

leaders who led the purge against Slansky. Novotny excoriated him for a personality cult and for placing the security forces above the party. He drew a parallel with Beria, and charged that Slansky had a similar internal spy network aimed against loyal party leaders.

In order to explain how Slansky could have gotten away with his anti-party behavior, Novotny was compelled to condemn the late Stalinist party chairman, Klement Gottwald. His attack against Gottwald was restrained, however, and was supported by a subsequent Pravda editorial on 23 November. In effect, Gottwald remains an honored leader of the party, the man whose crowning achievement was the February 1948 coup which placed the Communists in power.

The Czechoslovak party has admitted its guilt in having accorded more reverence to Gottwald's body than to those of other party leaders; this error is to be corrected immediately. Monuments to Stalin are to be removed, and henceforth no living person will be honored by having anything named for him. More suitable means of expressing "love of the USSR" are to be found.

The degrading of Gottwald may raise new opposition within the Czechoslovak party to Novotny's leadership, although the specific Soviet endorsement of this move will probably counter any such trend at least temporarily. Novotny has done nothing thus far to meet demands of dissatisfied party elements who want the Slansky trial reviewed and want a more liberal internal security policy. These elements may still press to secure the latter goal in the process--now under way--of drafting new criminal, civil, and labor law codes.

Novotny told the central committee that some officials had seized on developments at Moscow to call for rehabilitation of those implicated with former party secretary Slansky, who was executed for Titoism and nationalism in 1953. Such demands arise from the belief throughout the country that the trial and execution were ordered by Stalin. Novotny reasserted Slansky's guilt, since rehabilitation of his collaborators would incriminate the present

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BLOC ECONOMIC AND MILITARY SUPPORT FOR CUBA

The bloc's moves to provide Cuba with economic support and military aid have been in full swing for nearly a year and have been more extensive than those taken on behalf of any other country. Although Cuba's economic difficulties continue, it is obtaining minimum import needs from bloc countries and has found there a market for about four-fifths of its sugar crop. Bloc arms have greatly strengthened the Castro regime's military capability, and the bloc's attention now is shifting to implementing aid agreements in an effort to make Cuban economic development an example for the rest of Latin America.

A four-year Cuban economic plan (1962-65) has been drawn up with the help of Soviet and satellite advisers, and its success will depend heavily on bloc aid. The plan's four-year duration undoubtedly was designed to coincide with bloc planning periods, most of which end in 1965.

Some \$357,000,000 in long-term economic credits have been extended to Cuba so far, and more aid is expected. Aid so far has consisted chiefly of technical assistance and deliveries of equipment for a few small factories to produce tools and consumer items. Although on a modest scale, aid deliveries are probably on schedule and are consistent with Cuban economic planning, which emphasizes agricultural development, utilization of existing industrial capacity, reducing unemployment, and promoting the production of daily necessities before launching the more ambitious development schemes.

Future projects call for Polish technicians to build two

shipyards for the construction and repair of ocean-going vessels of up to 10,000 tons; work on the first of these to start next year and is to be completed by 1965. An automotive plant built under Czech auspices is to begin limited assembly operations in February and eventually is to produce a wide variety of vehicles. All major Soviet aid projects--including an oil refinery, a steel mill, and a new nickel plant--are in the preliminary stages of designing. The most important work done by the USSR in Cuba so far has been an extensive geological survey intended to assess Cuban resources and prospects for industrial development. Communist China recently dispatched a 50-man team of experts to Havana to discuss the building of some 24 factories provided for under a \$60,000,000 aid agreement.

Scores of bloc technicians, advisers, and trade representatives travel to and from Cuba each month. Much of their work so far has been confined to project surveys, but some are helping install equipment, drawing up economic plans, and supervising or assisting in the operations of industries hard pressed by the flight of skilled Cuban personnel. Chinese Communist personnel are providing some assistance in rice growing and livestock breeding. Hundreds of Cuban students, technicians, and managerial personnel are being sent to the bloc for training.

Bloc trade with Cuba is moving in well-established channels worked out to overcome the difficulties imposed by long transportation lines and Cuba's lopsided dependence on sugar exports. Total trade is expected to amount to over \$750,000,000 this year, and, as a

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result of new agreements for the bloc to take nearly 5,000,-000 tons of sugar in 1962, should climb to some \$850,000,000 next year. At least 75 percent of total Cuban trade this year will be with the bloc.

Major bloc exports to Cuba include petroleum, grain, fertilizers, chemicals, and metals. In order to cope with the most serious shortages--resulting from the curtailment of Cuban trade with the United States--bloc exports to Cuba include a wide variety of foodstuffs and consumer goods which often are in short supply within the bloc. Very large numbers of bloc motor vehicles have been supplied to Cuba--one order alone for 7,000

Soviet trucks amounted to nearly 2 percent of the USSR's total annual truck production. The USSR recently completed deliveries of 12 IL-14 transport aircraft to Cuba. Bloc imports from Cuba consist overwhelmingly of sugar but also include increasing amounts of minerals, tobacco, metals, and fruits.

Meanwhile, bloc military assistance to Cuba is continuing, primarily in the form of training and helping Cubans assimilate equipment provided during the past year. No major arms shipments are believed to have taken place since last summer, suggesting that Moscow and Havana consider the level of military aid is all that Cuba can absorb at present.

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GOA SITUATION

India's show of force in the vicinity of the Portuguese exclave of Goa, including a buildup in adjacent Indian territory of more than division strength, is part of the recent step-up in India's long campaign to press Portugal to give up its exclaves in western India. The immediate spark has been a number of minor shooting incidents, which have been exaggerated in Indian press and political circles in the context of the campaign for the Indian national election to be held in February.

In part a reaction to opposition pressure to "do something" about Goa, India's recent actions also represent a deliberate attempt by the ruling Congress party to refurbish its anti-colonialist image and at the same time deflect attention from the government's "failure" to deal effectively with Pakistani and Chinese "aggressions" elsewhere.

Anti-Portuguese feeling in India runs deep, and the Goa issue will require deft handling by the Indians if it is to be kept within manageable bounds. The military buildup will give New Delhi more than enough power on the scene to deal with the relatively small Portuguese garrison. New Delhi will also be in a position to seal off Goa from the activities of extremist Goan nationalists within India.

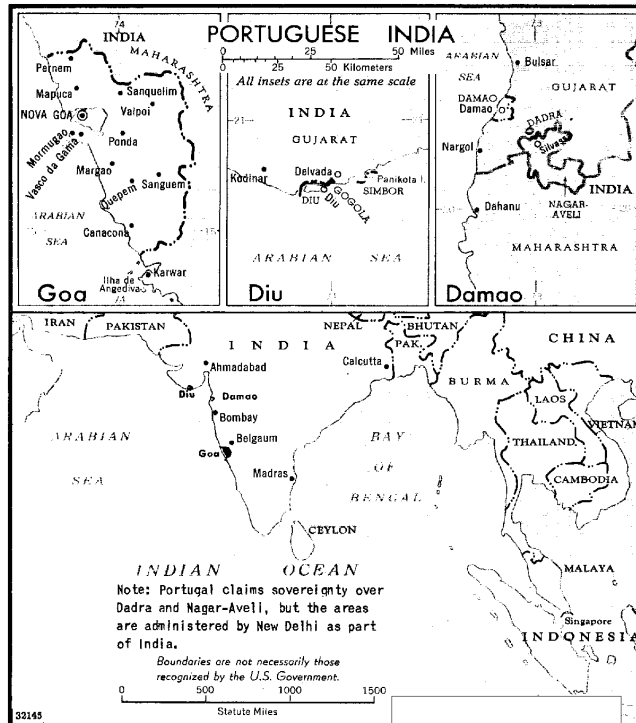
Continuing small-scale incidents are likely as tension mounts. However, New Delhi has publicly disclaimed any intention to invade Goa. In the absence of a clear case of gross provocation or large-scale disorders within Goa, Nehru is unlikely to reverse this policy by ordering a military thrust. The Indian leader probably calculates that continuing psychological warfare against the enclaves, facilitated by a steady erosion of Lisbon's colonial

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position around the world, in time will deliver the enclaves to India without recourse to force.

Lisbon apparently believes that New Delhi is seeking a pretext for direct military action against Goa at a time when the bulk of Portugal's military force is committed to Angola. Foreign Minister Nogueira, at a press conference on 6 December, stated that Indian accusations of torture and oppression in the enclaves were "deliberate, baseless, and irresponsible lies" aimed at establishing such a pretext. He added that Portuguese military forces "will do their utmost and more to defend the integrity of Portuguese territory" and hinted recourse to the UN if New Delhi aggresses against Goa.



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One of Lisbon's apparent fears is that India may assist Portuguese exiles in establishing a provisional Portuguese government-in-exile in one of the small enclaves. This would fa-

cilitate recognition by Asian and African countries and "legalize" direct military assistance to anti-Portuguese groups elsewhere.

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WEST NEW GUINEA SITUATION

President Sukarno's belligerent speech on 30 November regarding Indonesia's claim to West New Guinea--which it calls West Irian--indicates a lessening of confidence that Indonesia can realize its claim to the area through a peaceful settlement. The speech was prompted

by the failure on 28 November of two resolutions, both calling for negotiations between Indonesia and the Netherlands, to achieve a two-thirds majority in the UN General Assembly.

Although Indonesia is likely to continue its policy of diplomatic

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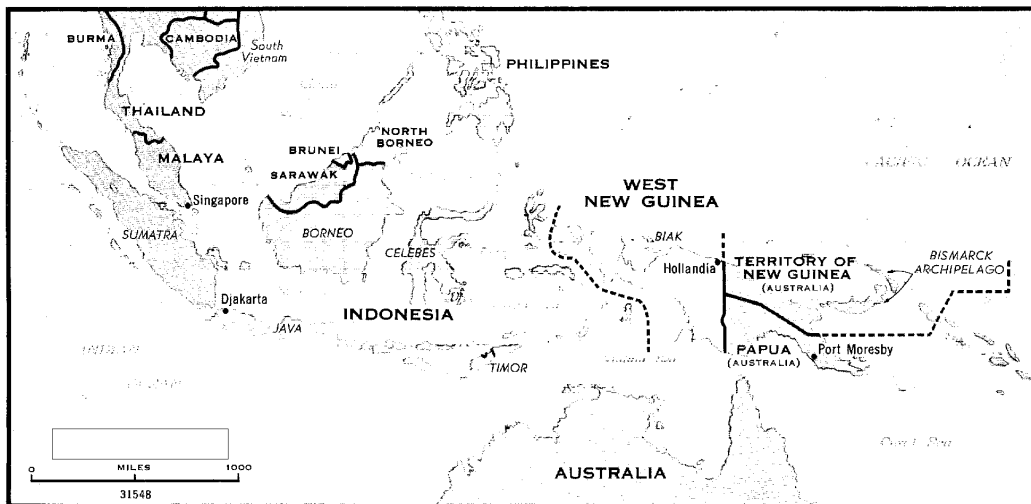
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pressures combined with a military buildup for the next few months, an eventual resort to force appears increasingly likely. Sukarno reiterated on 30 November that "it has become obvious that the West Irian question should be settled outside the UN," and that the "struggle will largely depend on our armed forces."

right of self-determination-- that they did so in 1945 when, with other peoples of Indonesia, they declared their independence of the Dutch.

In West New Guinea, symbolic steps toward self-government were taken on 1 December when the partially elected local council announced, with Dutch approval, that the area henceforth should be known as West Papua. A West Papuan flag was hoisted, and a national anthem was published. The council was established last April as a first step in a ten-year program toward representative government. Its first two years in office are regarded by the Dutch as a period of education, after which the council will have an advisory function and exert some control over territorial financial affairs. Indonesia, apprehensive over any

The Netherlands Government adopted the position last September that it was willing to withdraw from New Guinea if the



right of self-determination for the native Papuans were guaranteed. Indonesia argues that the people there have already exercised the

"separatist" sentiment in West New Guinea, has repeatedly denounced the council as a meaningless instrument of the colonial administration.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****EUROPEAN INTEGRATION DEVELOPMENTS**

The future political and economic course of the European Common Market (EEC) hangs on decisions to be taken in the next few weeks. The French continue to urge that the EEC be supplemented with a loose confederation of its member states, and the entire question of European political unity is likely to come to a head before the end of the year. On the economic side, the EEC countries must decide before 1 January whether to proceed to the tariff cuts and other measures provided for in the second of the EEC's three four-year transitional stages. An affirmative decision is needed to maintain the present momentum, but there are major obstacles, particularly in the continuing deadlock over agricultural policy.

In the past week, a vigorous effort has been made to resolve the dispute over the draft treaty for an "indissoluble union of states" proposed by the French on 19 October. Paris itself has revised its draft in several significant respects, and Bonn has offered amendments designed to strengthen the union and encourage its evolution along more supranational lines. Both Paris and Bonn consider it imperative that steps be taken to link West Germany more closely to the West -- a feeling which is shared in Rome and Luxembourg. The Hague, however, is loath to extend its ties with France until it is sure of Britain's participation, and Brussels is concerned lest a step toward confederation prove to be a step away from real integration.

Whether these basic Dutch and Belgian objections can be met at the foreign ministers' meeting, now under consideration for mid-December, is uncertain. Belgian Foreign Minister Spaak told Ambassador MacArthur on 28 November that he considered the initial French draft "actually retrogressive." Coupled with the admission of new members or associates which did not share the EEC's political goals, he said, adoption of the French proposal could be the "death knell of political unification." Spaak has previously expressed skepticism that London is fully con-

verted to the European concept, but he referred especially to the European neutrals--Austria, Switzerland, and Sweden--which are expected to apply for conditional EEC association by mid-December.

Complex and conflicting national interests are also involved in the problem of moving to the second stage of the EEC -- a move which requires unanimous agreement that the major tasks of the first stage have been accomplished. In most respects the EEC's implementation is ahead of schedule, but decisions are still awaited regarding social, anti-cartel, and farm policy. The farm policy issue is particularly critical. France, with its interest in finding markets for its agricultural surpluses, has made its consent to the opening of the second stage conditional on progress toward an over-all agricultural policy, and in particular on the opening of the West German market for foodstuffs. Although generally supported by the other member countries and by the EEC's commission, the French demands are opposed in Bonn, where the farm bloc is a potent force, and only little progress toward a compromise was apparent at last week's meeting of agricultural ministers.

All these issues have important implications for Britain's bid for membership. Should transition to the second stage be stalled, London might feel that accession had become a matter of less urgency, or it might be encouraged to hope that it still has a chance of reversing the EEC's commitment to complete economic union once Britain becomes a member. Farm policy, moreover, is itself a major issue in the accession talks, and the EEC countries will be unable to present a common front toward London until they can agree among themselves on this problem. Finally, it has long been evident that a good deal of the opposition to De Gaulle's "union of states" stems from continued uncertainty as to the role Britain would play in such a confederation.

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ELECTIONS IN EL SALVADOR

El Salvador's constituent assembly elections on 17 December will conclude a bitterly fought campaign in which the Alliance for Progress has become a basic domestic issue. The provisional government, which replaced a Communist-influenced regime last January, has found encouragement in the Alliance for Progress for its program of socio-economic reforms. These long-overdue reforms, however, have encountered strong resistance from the entrenched oligarchy of wealthy families as well as from Communists and pro-Communists, who claim that the Alliance for Progress is a "new mask for imperialism."

The elections are the first step in the scheduled restoration of constitutional government, which ended with the ouster of an elected government in October 1960. The constituent assembly is to name an interim president of the republic and then become a regular legislature. This legislature and the interim president are to serve until next September. Regular legislative and presidential elections are scheduled for next spring.

The National Conciliation party (PCN), formed last September by government leaders, is being opposed in the elections by the Union of Democratic parties (UPD), a loose coalition backed by members of the oligarchy and including in one of its constituent parties a number of Communists or pro-Communists. Both are well financed and both have been campaigning actively. The PCN has the full backing of the government, traditionally a decisive factor

in Salvadoran elections, but the government does not control the electoral machinery, set up earlier this year by a non-partisan group anxious to assure free elections. The PCN is depending for support on the beneficiaries of its reform program, but the bulk of these, the largely illiterate rural laborers, are unorganized and have in the past been dominated by their employers.

The opposition is charging that the active political role of army officers and the official backing enjoyed by the PCN are antidemocratic. There are some indications that the UPD may withdraw its candidates shortly before election day on the ground that the elections will not be free, thus preparing for a claim that the resulting regime is illegitimate and should be ousted by force. In its efforts to subvert the government the opposition has had some success in exploiting the divisions and personality conflicts within the armed forces and possibly even between the two military members of the provisional government.

The ouster of the progressive, strongly anti-Communist leaders of the present regime would be a setback for the concepts of the Alliance for Progress in all Central America. In El Salvador, where the gulf between the wealthy few and the impoverished majority is as wide as anywhere in Latin America and where the Communists have already demonstrated their ability strongly to influence a weak regime, events have often had important repercussions in neighboring countries.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SPECIAL ARTICLES****COMMUNIST CHINA'S POLICY ON THE US**

There are manifestations of antagonism toward the US in nearly all of Communist China's foreign policy positions--whether in respect to Berlin or Japan, Laos or Cuba, South Vietnam or the Congo. Even Peiping's quarrel with the USSR grew in considerable measure out of differences as to how the bloc and the world Communist movement should best deal with the United States.

Soft Approach

A directive from the Foreign Ministry in Peiping to Chinese Communist diplomats early in 1961 stated that the regime's controlling strategy in international affairs was "to unite all forces that can be united and to point the tip of our sword at American imperialism." While the bellicose emphasis is unmistakable, the policy permits a range of tactics that at times even includes gestures of affability. Such gestures were occasioned by the advent of the new administration in Washington last January. To get a reading on the new President's outlook, the Chinese made several direct and indirect approaches to US officials.

In one such approach, Foreign Minister Chen Yi last March engaged the Swedish ambassador in a conversation on Sino-American relations. Chen's remarks--which he almost certainly intended to be passed to Washington--were conciliatory. He stressed that some American concession was the prerequisite for any easing of tensions between the two countries, and asserted that the US had not yet

reciprocated concessions already made by Peiping. A few weeks later, when he was in Djakarta just prior to Sukarno's American trip, Chen expressed much the same sentiments to Indonesian officials.

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Somewhat the same accommodative tone was sounded by certain of Peiping's representatives in Europe last summer when they sought out their American counterparts for informal chats. In these conversations the Chinese went no further than to offer assurances that Peiping desired improved relations. Like Chen, they implied that it was up to the US to take the initiative by some concession to the Chinese.

No further such approaches have been made recently, suggesting that Peiping has shelved the tactic for the time being.

Propaganda and Negotiations

Peiping's conciliatory approaches having elicited no encouragement that US concessions would be forthcoming, the central theme of Chinese foreign policy statements has continued to be a characterization of the US as the "main enemy" that must be met on all fronts and at all times in an unrelenting "head-on struggle." The change of administration is portrayed not as an opportunity for improved East-West relations but rather as an increased danger to world peace. President Kennedy, according to Peiping broadcasts,

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hides behind a mask of peace while in practice going beyond the "brinksmanship" of the previous administration to adopt a deliberate strategy of instigating limited wars. Cuba and "frenzied war preparations" in Berlin are cited as cases in point.

In Peiping's dialectic, the propaganda invective is entirely consistent with conciliatory overtures to negotiate. Negotiations, which serve to enhance Communist China's international prestige in any case, are viewed as a "form of struggle" particularly productive for the Communists if the US is first "driven into a corner." Lacking the strong bargaining position that accrues from victories outside the conference room, Peiping believes that negotiations are useful primarily to "expose American duplicity" or build up a case for Communist devotion to peace.

The Chinese thus profess pride in "taking the initiative" to organize the Sino-American ambassadorial talks begun in 1955. On various occasions since then, they have made efforts to get the talks raised to the foreign ministers' level. While Peiping publicly deplores the lack of progress at the meetings, it has no intention of breaking them off. One Chinese leader was quoted as saying that Peiping does not mind if the talks go on for "five or even ten years."

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East-West Talks

Peiping's policy toward the US is closely related to the problem of Chinese exclusion from certain East-West negotiations. The Foreign Ministry directive to diplomats early this year warned of the need to be "particularly on guard when the Soviet Union has a detente" with the US. Peiping's attitude

is based in part on the suspicion that Soviet negotiators may be unattentive to Chinese interests if Chinese negotiators are not at the conference table. This suspicion was reflected in Chinese Communist coolness to Khrushchev's summitry: Peiping failed to send newsmen to cover the Kennedy-Khrushchev meeting in Vienna last spring and did not echo Moscow's characterization of the meeting as "useful." Chinese spokesmen are on record with statements that China must have the right to participate in any negotiations which affect its interests.

On the subject of disarmament specifically, Peiping has publicly declared that it will not consider itself bound by any agreement reached without its participation. Apart from the stress on the need for Chinese participation, the declaration probably also reflected a desire to delay progress toward a disarmament agreement. Disarmament proposals, observed the Chinese during the Sino-Soviet polemic in 1960, could be advanced to "mobilize" world opinion and to "isolate in a most effective manner the imperialist bloc, headed by the US." It was, however, an "illusion" to suppose that such proposals could be realized.

Much of the same attitude--desire for participation in negotiations and reluctance to work for any real agreement--seems to be indicated in Chinese statements on a nuclear test ban.

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The Chinese, who do not now have such weapons, may well be hopeful that their own eventual acquisition of a nuclear capability will ensure their participation in future test ban talks. Their stated position on international controls--which couples

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an unsupervised test ban with the destruction of all existing stockpiles of nuclear weapons--seems designed to frustrate a workable international agreement.

The Issue of Taiwan

In any bilateral or multilateral confrontation between Peiping and the US, Taiwan is a major issue. When Foreign Minister Chen Yi catalogued for a recent interviewer those American actions which especially irritate Peiping, he placed US support for Chiang Kai-shek at the head of the list. The foreign policy directive for 1961 stated that the Taiwan issue had to be settled before discussions in the Sino-American ambassadorial talks could begin on other matters. According to the directive, this reversed an earlier stand of "tackling the details before touching the principle."

Premier Chou En-lai, talking with American writer Edgar Snow, made clear the "principle" involved: "The US must agree to withdraw its armed forces from Taiwan and the Taiwan Strait." Chou indicated that once the "principle" of withdrawal had been agreed upon, the specific steps as to "when and how" could be settled later. A US withdrawal, the Chinese foreign minister has since argued, "ought not to be a difficult thing." The US forces, he suggested, could be withdrawn to Okinawa and the Philippines without impairing US security in the Far East.

Statements such as this, which strike a note considerably less militant than "liberation" propaganda, reflect Peiping's realization of its inability to force a military showdown. The Chinese Communists still talk about "liberation" occasionally, but there has been little sense of urgency recently and no threat of an early recourse to armed force. Mao Tse-tung is the

reported authority for the statement that Peiping does not intend "to shoot its way into a strong point like Taiwan"--a view entirely in keeping with his precept that the enemy should be engaged only when one has a marked preponderance of force.

Lacking this, the Chinese leaders evidently recognize that the Taiwan problem will be an irritant for some time; Chen Yi has suggested that a solution satisfactory to Peiping might take two or three decades.

Other Issues

Communist China has hopes of inflicting an early defeat on the US over the issue of China's UN representation. This is a major reason why the Peiping regime, despite occasional intimations of disinterest, wants a seat. No "two Chinas" solution--i.e., a formula by which both Taipei and Peiping are represented--is acceptable to the Chinese Communist leaders, who emphasize that they will not participate "in any meeting or organization in which the Chiang Kai-shek clique is included."

This intransigence is probably encouraged by the way they assess their UN prospects. The situation, they feel, is growing "more and more unfavorable" to US efforts to exclude Communist China. Reflecting this generally optimistic view, Peiping, before the compromise vote on Outer Mongolia dimmed its prospects for this year, devoted an unprecedentedly high volume of comment to the matter. In this comment, the US, with support for its moratorium formula fading, was portrayed as resorting to new "tricks" to keep Peiping out. "True friends" of Communist China, it was intimated, would see through these "tricks" and support Peiping. Chou En-lai and other leaders even suggested that the vote on this issue would provide a "test" of a nation's friendship for Communist China.

To offset charges that its aggressive nature was foreclosing

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it from UN membership, Peiping has not shelled the offshore islands since 12 September--the longest lull in shelling since the Taiwan Strait crisis of 1958.

The leaders in Peiping have also professed concern over their "encirclement" by US bases and US-dominated blocs.

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Premier Chou has said that in dealing with the great powers Peiping will insist on "equality in every sense of the word." The US, Peiping charges, steadfastly refuses to take this Chinese feeling into full account, although the days are "gone forever...when US imperialism can ride roughshod over China."

Recently Chen Yi, asked about possible Sino-American foreign ministers' talks, replied that the initiative would have to come from the US, since otherwise it would look as though Peiping were a supplicant. Asserting that "for the past hundred years we have been submitting too often," Chen promised that China will no longer "submit to anyone." Nor, according to Chou, will Peiping make any concessions over Taiwan, since the Chinese people would look upon any agreement short of the withdrawal of US forces as a "defeat." The Chinese leaders do not intend to suffer any such defeat, he implied.

The Chinese Communists seem fairly optimistic about their chances of settling certain Sino-American problems in their favor over the long run. This outlook is grounded in a doctrinaire conviction that the US is confronted by a grave and growing crisis at home as well as severe economic "contradictions" with its capitalist allies. They also believe the world situation requires the US to spread its effort too thinly in opposing "national liberation movements" whenever and wherever they arise. They doubt that the US will seek a way out by a major war with the bloc. Under these circumstances of steadily eroding US strength, they foresee an inevitable closing of the gap in power between Peiping and Washington.

As a result of this calculus, Peiping is unlikely to grant substantial concessions to the US, but will rather persist in Mao's strategy, which aims at uniting "90 percent of the world's population against American imperialism and its running dogs."

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Chen Yi complained that US bases in Japan, South Korea, Okinawa, Taiwan, the Philippines, and South Vietnam are in fact directed against Communist China. "As a result," he said, "we cannot sleep easily at night." Regional groupings such as SEATO are a prime target of Peiping's invective.

Also in the compound of China's displeasure is the US support for governments in the Far East which are hostile or unresponsive to Peiping. Among these, Japan is regarded as a potential rival for influence and power. This apprehension of a resurgent Japan is comparable to Soviet anxiety about a remilitarized Germany. A good deal of concern is also shown over the possibility that Japan will cooperate with the US in setting up a new treaty organization embracing northeast Asia.

Peiping also sees India as a serious rival. Originally hopeful that Indian neutrality could be manipulated to Peiping's advantage, the Chinese Communists now charge that India is slipping into the US orbit. They are trying to discredit Nehru, and said his performance at the Belgrade Conference in September demonstrated that he had become a "tool of US imperialism."

Peiping's Expectations

Traditional Chinese sensitivity about "face" is as important a factor as ever in Peiping's foreign relations.

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THE SECRET ARMY ORGANIZATION AND ALGERIA

The Secret Army Organization (OAS), led by French military officers outlawed for their role in last April's unsuccessful coup and supported by almost all the European population of Algeria, constitutes a serious threat to any settlement negotiated between De Gaulle and the provisional Algerian government (PAG). The OAS is in virtual control of several areas in Algeria, and extensive propaganda and terrorist operations are conducted in its name in both France and Algeria. Its professed goal is to establish a separate settler-dominated state, comprising all or part of Algeria, which would repress the Moslem nationalist rebellion and restore close ties with France once De Gaulle was gone. Essentially, however, the aim of the OAS is probably to force France to retain responsibility for Algeria.

Origin and Objectives

The OAS seems to have developed out of the despair which spread among the Europeans in Algeria following the Moslem riots of December 1960. After the abortive April 1961 putsch, it soon overshadowed and absorbed previous "French Algeria" groups when the outlawed generals and colonels took over its leadership, tightened up its organization, and openly disputed De Gaulle's authority to reach an Algerian settlement. It is headed by ex-General Raoul Salan, former French commander in chief in Algeria.

Fear of Moslem rule has united within the OAS a great diversity of individuals with differing views on how to cope

with the prospect of PAG domination. The settlers who form the bulk of the membership would like to bring about a reversal of De Gaulle's policies, return to the status quo ante, and perpetuate a French Algeria in which "good Moslems" who kept in their place might share.

The military officers who are leaders of the OAS originally were probably not basically sympathetic to these views and had hoped to improve social conditions sufficiently to win over most of the Moslem population to loyalty to France. As their ideas of what might be politically and militarily possible became more clearly defined, however, the OAS leaders seem to have narrowed their objectives to a strict defense of the right of the Europeans to retain their identity in Algeria, and perhaps to bring about De Gaulle's overthrow. A "go it alone" attitude has evolved, with talk either of mobilizing a local army to suppress the Moslem rebels or of partitioning Algeria and setting up European enclaves.

There are some indications that OAS leaders now are intent on establishing a right to recognition as a participant in any negotiations on Algeria's future, on the grounds that the OAS is as representative of the Europeans as the PAG is of the Moslems. In October, when Paris was reportedly planning to set up a provisional Algerian executive, a parallel plan was envisaged by the OAS, possibly limited to the Algiers and Oran regions. Immediately after its proclamation, to be backed by force, the OAS Executive would appeal to various

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Western countries for recognition and financial and military support.

More recently Salan is reported to have said he intends to declare an independent Algerian republic which would negotiate with the PAG; he said PAG-OAS contacts had already been established.

Until recently it has been the generally accepted view that the OAS bases its plans for action on removal of De Gaulle and does not consider that it would be able to seize power unless De Gaulle were removed. The assassination attempt against De Gaulle last September was probably inspired by the OAS, although Salan himself has denied any connection with it. The possibility of influencing Paris by demonstrating OAS strength in Algeria now seems to be gaining ground.

Organization and Strength

A leading French journalist has ascribed the OAS' effectiveness to the fact that for the first time the European extremists in Algeria have placed themselves under military leaders from outside their own circles. The new chiefs have enforced discipline and, instead of absorbing the old settler organizations in toto, have recruited individuals on their merits as leaders and organizers and not just for their known advocacy of a French Algeria.

The OAS is organized on military lines, with a territorial breakdown into zones and sectors and a hierarchical

command structure. Its organization closely parallels that of the rebel FLN and is in many ways a settler counterpart of the Moslem rebellion. In the classic manner of subversive warfare, the OAS operates specialized bureaus for intelligence and operations, psychological action, political activity, and organization of the masses. Outside the main cities, the organizational picture depends on the strength of local support and is not always so neat.

The most aggressive element of the OAS is its urban shock groups or commandos; their audacity gives the organization much of its reputation for effectiveness. Before Paris stepped up its operations against the OAS in September, there were in Algiers alone about 30 such groups, comprising roughly half a dozen men apiece. The "maquis" proper--consisting of some of the principal leaders and guerrillas hiding out in the countryside--probably numbers less than 1,500. The OAS also could probably mobilize on short notice 10,000-15,000 activists, who are well supplied with arms.

While there is frequent talk of mobilizing the Territorials, the settler home-guard units dissolved by Paris after the January 1960 uprising, this step apparently has not yet been undertaken. Total mobilization of military-age European settlers could produce an army of 100,000, according to some OAS estimates.

Funds--apparently adequate to meet present needs--are

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raised by voluntary or involuntary contributions, and supplies have come in large measure from French Army stocks in Algeria.

Effectiveness

At the moment, the OAS leaders are relying for their active manpower primarily on members of the Urban Protection Units organized in 1956 by Colonel Godard and on the young toughs of Lagailarde's 1960 Alcazar Commando. These groups have blanketed Algiers and other areas with a secret network which picks out victims for reprisal, assesses contributions, distributes propaganda, and circulates orders. The freedom with which the OAS operates is in some measure due to widespread complicity among local officials in the French administration, a high percentage of whom are native-born Algerians.

Although all of these elements do not add up to a real army, the OAS does have at its command a significant body of men capable of responding to an alert within a few hours.

In Algiers and Oran, the OAS has become an element of everyday life, with plastic bombings, "pirate" broadcasts, and threats against individuals, and it makes its presence felt in other parts of Algeria and metropolitan France as well. It has been particularly successful in demoralizing security forces by murdering top police officials. When the OAS has called for mass public demonstrations, however, response has been far short of anticipation.

Outside Support

OAS leaders appear to have somewhat inflated views of outside support for their movement. Their claims of massive Moslem sympathy appear to be the most questionable. Salan's reported belief that he can mobilize 150,000 "harkis" --Moslem auxiliaries attached to the French Army--would appear unrealistic, in view of the general deterioration of race relations in Algeria. Furthermore, recurring "Arab hunts" in Oran and other indiscriminate European attacks on Moslem civilians are progressively alienating army sympathy. PAG minister of information Yazid threatened Moslem reprisals if the attacks continue and has charged that the Europeans' activities threaten negotiation prospects.

Any consideration of Algeria's future will be influenced by the attitude of the army. Many officers remain hostile to De Gaulle's policies and are emotionally committed to the army's remaining in Algeria. Since the shake-up carried out after the April revolt, however, "loyal" officers no longer have the feeling of being outnumbered by plotters. At present, the amount of army support on which the OAS can count appears restricted both by the army's preoccupation with its own concerns and by lingering reluctance to become involved with civilians. The army's willingness to take active measures to repress the OAS also remains in question.

The Foreign Legion is a special case; it has always been based in Algeria, and its men see little future for

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themselves elsewhere. Legion deserters have carried out the bulk of the OAS' political assassinations.

OAS relations with political groups in France are obscure. Rightists of all stripes claim association in order to bolster their own fortunes, and their self-confidence is mounting as OAS effectiveness grows. French extremists have launched a political offensive both inside and outside parliament in the apparent belief that the OAS has a chance of defeating De Gaulle on the Algerian issue.

Spokesmen for the Salan group deny that the OAS has any specific ambitions for metropolitan France but they assert that "to create and maintain an Algerian state, close association with France is necessary, and this would not be possible under De Gaulle." They appear hopeful that setting up a separate European-dominated Algeria would be sufficient to effect the ouster of the present French Government in favor of a moderate "national unity" coalition ranging from Mollet and the Socialists to Pinay and the Independents.

The OAS maintains that it has contacts and promises of support in a number of Western European countries, such as Spain, Belgium, and West Germany. It is making a strong bid for foreign support by charging that "international Communism" is about to take over Algeria in the guise of the PAG.

Outlook

While there is a large dose of psychological warfare in the

claims of the OAS, it has created in less than a year an organization which has definitely gone beyond the nuisance-value stage and appears to be gaining momentum. Paris now is operating almost as intensively against the OAS as against the Moslem rebels.

Salan's effectiveness has been enhanced by recent events which reduced the role of rival factions. One important fascist-leaning group--now repudiated by the OAS leadership--had reached the conclusion that any successful action must start with a coup in metropolitan France. The Spanish Government has virtually neutralized this group by interning its exiled leaders--Lagaillarde, Ortiz, and Colonels Argoud and Lacheroy--and the French police broke up its network in southwestern France. Moreover, the Godard group in Algeria, which favored an immediate putsch, has given way to Salan, who wants to wait for a politically propitious moment to strike. While Jean-Jacques Susini, the former head of the Algerian student organization, is working with Salan, he still appears to be running a semi-independent terrorist action and seems to have greater overall ambitions than Salan.

Although the OAS has not been willing to risk an all-out attempt to seize power, it is probably already capable of forcing France and the PAG to reckon with it in deciding the future status of Algeria. The OAS could foster continued violence aimed at upsetting any French-PAG agreement, or could bring about a de facto partition or perhaps even its own participation in a negotiated settlement as the representative of the European population.

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